

**BOARD OF GOVERNORS, URANIUM CITY HOSPITAL**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 1999**



## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Board of Governors, Uranium City Hospital as at March 31, 1999 and the statements of operations and changes in fund balances, and cash flow for the year then ended. The Hospital's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board of Governors, Uranium City Hospital as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

*Wayne Strelhoff*

Regina, Saskatchewan  
October 29, 1999

Wayne Strelhoff, CA  
Provincial Auditor

**BOARD OF GOVERNORS, URANIUM CITY HOSPITAL**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	Restricted			Total	
	Operating Fund	Capital Fund	Athabasca Health Facility Project (Note 8)	1999	1998
<b>ASSETS</b>					
Current assets:					
Cash	\$ —	\$ —	\$ 9,176	\$ 9,176	\$ 383,635
Receivables					
Saskatchewan Health					
- General Revenue Fund	19,450	—	—	19,450	—
Patient services and recoveries	20,388	—	31,387	51,775	31,538
Inventories (Note 3)	69,966	—	—	69,966	75,864
Prepaid expense	7,884	—	—	7,884	21,242
	117,688	—	40,563	158,251	512,279
Capital assets (Note 4)	—	46,908	—	46,908	69,494
	<u>\$ 117,688</u>	<u>\$ 46,908</u>	<u>\$ 40,563</u>	<u>\$ 205,159</u>	<u>\$ 581,773</u>
<b>LIABILITIES</b>					
Current liabilities:					
Bank Overdraft	\$ 90,471	\$ —	\$ —	\$ 90,471	\$ —
Accounts payable	53,510	—	3,885	57,375	90,882
Accrued salaries and vacation pay	121,068	—	—	121,068	77,291
	265,049	—	3,885	268,914	168,173
Long term advance (Note 5)	85,000	—	—	85,000	85,000
	<u>350,049</u>	<u>—</u>	<u>3,885</u>	<u>353,914</u>	<u>253,173</u>
<b>EQUITY</b>					
Fund balances:					
Investment in capital assets	—	46,908	—	46,908	69,494
Externally restricted (Note 2(a)(iii))	—	—	36,698	36,698	284,386
Unrestricted	(232,361)	—	—	(232,361)	(25,280)
Fund balances: Statement 2	<u>(232,361)</u>	<u>46,908</u>	<u>36,698</u>	<u>(148,755)</u>	<u>328,600</u>
	<u>\$ 117,688</u>	<u>\$ 46,908</u>	<u>\$ 40,563</u>	<u>\$ 205,159</u>	<u>\$ 581,773</u>

(See accompanying notes to the financial statements)

**BOARD OF GOVERNORS, URANIUM CITY HOSPITAL**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**Year Ended March 31**

	1999			1998	
	Restricted Fund				
	Operating Fund	Capital Fund	Athabasca Health Facility Project (Note 8)	Total	Total
<b>Revenues:</b>					
Saskatchewan Health					
- General Revenue Fund	\$1,500,893	\$ —	\$ —	\$1,500,893	\$ 1,886,725
Out-of-province/third party recoveries	18,977	—	—	18,977	7,785
Income and recoveries	35,462	—	—	35,462	74,480
Interest income	8,477	—	—	8,477	9,955
Ancillary operations	34,668	—	—	34,668	30,095
	<u>1,598,477</u>	<u>—</u>	<u>—</u>	<u>1,598,477</u>	<u>2,009,040</u>
<b>Expenses:</b>					
Administration	317,981	26,315	—	344,296	214,888
Housekeeping and laundry	54,986	—	—	54,986	83,395
Maintenance	229,478	—	—	229,478	195,837
Medical records	105,663	—	—	105,663	99,276
Dietary	87,498	—	—	87,498	109,218
Acute care	815,046	—	—	815,046	724,326
Laboratory and x-ray	119,043	—	—	119,043	127,302
Ancillary operations	72,134	—	—	72,134	64,049
Athabasca Health Facility (Note 8)	—	—	247,688	247,688	401,314
	<u>1,801,829</u>	<u>26,315</u>	<u>247,688</u>	<u>2,075,832</u>	<u>2,019,605</u>
Excess (deficiency) of revenues over expenses	(203,352)	(26,315)	(247,688)	(477,355)	(10,565)
Fund balances, beginning of year	(25,280)	69,494	284,386	328,600	339,165
Transfer between funds (Note 10)	(3,729)	3,729	—	—	—
Fund balances at end of year	<u>\$ (232,361)</u>	<u>\$ 46,908</u>	<u>\$ —</u>	<u>\$ (148,755)</u>	<u>\$ 328,600</u>

(See accompanying notes to the financial statements)

## Statement 3

**BOARD OF GOVERNORS, URANIUM CITY HOSPITAL**  
**STATEMENT OF CASH FLOW**  
**Year Ended March 31**

	<u>Operating Funds</u>		<u>Restricted Funds</u>			
	<u>1999</u>	<u>1998</u>	<u>Capital Fund</u>	<u>Athabasca Health Facility Project (Note 8)</u>	<u>1999</u>	<u>1998</u>
Cash provided by (used in):						
Operating Activities						
Financing and Investing Activities						
Excess (deficiency) of revenue over expenses	\$ (203,352)	\$ (89,218)	\$ (26,315)	\$ (247,688)	\$ (274,003)	\$ 78,653
Non-cash expense - amortization of capital assets	—	—	26,315	—	26,315	25,942
Net change in non-cash working capital (Note 12)	<u>51,016</u>	<u>43,422</u>	<u>—</u>	<u>(61,177)</u>	<u>(61,177)</u>	<u>213,446</u>
	<u>(152,336)</u>	<u>(45,796)</u>	<u>—</u>	<u>(308,865)</u>	<u>(308,865)</u>	<u>318,041</u>
Purchase of capital assets	—	—	(3,729)	—	(3,729)	(17,462)
Proceeds from disposal of capital assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>(3,729)</u>	<u>—</u>	<u>(3,729)</u>	<u>(17,462)</u>
Net (decrease) increase in cash	(152,336)	(45,796)	(3,729)	(308,865)	(312,594)	300,579
Interfund transfers (Note 10)	(3,729)	(17,462)	3,729	—	3,729	17,462
Cash, beginning of year	<u>65,594</u>	<u>128,852</u>	<u>—</u>	<u>318,041</u>	<u>318,041</u>	<u>—</u>
Cash, end of year	<u>\$ (90,471)</u>	<u>\$ 65,594</u>	<u>\$ —</u>	<u>\$ 9,176</u>	<u>\$ 9,176</u>	<u>\$ 318,041</u>

(See accompanying notes to the financial statements)

**BOARD OF GOVERNORS, URANIUM CITY HOSPITAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 1999**

**1. Authority**

The Board of Governors, Uranium City Hospital was established June 5, 1995 by Order in Council #508/95 under *The Public Health Act* to operate the Uranium City Hospital.

The Minister of Municipal Government held the net assets and operated the Hospital on behalf of the Northern Settlement of Uranium City prior to establishment of the Board. By Order dated April 25, 1996, under Section 120 (1) of *The Northern Municipalities Act*, the Minister transferred the net assets to the Board effective June 5, 1995 for no monetary consideration.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

**a) Fund accounting**

The accounts of the Board are maintained in accordance with the principles of restricted fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

**i) Operating fund**

The operating fund reflects the primary operations of the Board including revenues received for provision of health services from Saskatchewan Health - General Revenue Fund, and billings to patients, clients, and other agencies for patient and client services. Other revenue consists of recoveries and ancillary operations. Expenses are for the delivery of health services.

**ii) Capital fund**

The capital fund reflects the equity of the Board in capital assets. The capital fund includes revenues received from Saskatchewan Health - General Revenue Fund designated for the acquisition of capital assets. Expenses consist of amortization of capital assets.

iii) Athabasca Health Facility Project

The Athabasca Health Facility Project reflects a capital grant from Saskatchewan Health - General Revenue Fund designated for the capital construction of the Athabasca Health Facility. Expenses consist of project management costs and architect fees.

b) Inventories

Inventory consists of medical and surgical, pharmacy, laboratory, food, linen and other supplies.

Inventories are valued at the lower of cost and net realizable value, with cost determined by the first-in first-out (FIFO) method.

c) Capital assets

Capital assets are recorded at cost. Cost is amortized over the useful life of the asset.

Amortization has been taken on the straight-line basis at the rate of 10% on equipment. The building is amortized on a straight line basis over its useful life.

d) Revenue

Contributions, including operating and capital funding from the Saskatchewan Health - General Revenue Fund, are included in revenue in the year in which they are received or receivable.

Adjustments to estimated surpluses or deficits, determined in the annual settlement review by the Department, are accounted for in the year determined by the Department.

3. Inventories

	<u>1999</u>	<u>1998</u>
Drugs	\$ 37,900	\$ 33,407
General supplies	18,242	28,633
Medical and surgical supplies	<u>13,824</u>	<u>13,824</u>
	<u>\$ 69,966</u>	<u>\$ 75,864</u>

#### 4. Capital Assets

	1999		1998
	Cost	Accumulated Amortization	Net Carrying Amount
Land	\$ 4,295	\$ —	\$ 4,295
Building	1,444,979	1,444,979	—
Equipment	463,790	421,177	65,199
	<u>\$ 1,913,064</u>	<u>\$ 1,866,156</u>	<u>\$ 69,494</u>

#### 5. Long Term Advance

The advances received from the Department of Health - General Revenue Fund are interest free and repayable at the discretion of the Department. Therefore, the fair value of the long term advance approximates its carrying value.

#### 6. Related party transactions

Included in these financial statements are transactions with related parties. These related parties include various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan and non-crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at standard rates charged by the organizations under normal trade terms. These transactions and amounts outstanding at year end are included in the financial statements and the table below:

	1999	1998
Prepaid expenses	\$ 5,534	\$ 16,974
Accounts payable and accrued liabilities	3,107	—
Expenses	199,271	177,756

In addition, the Board pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.



## **7. Pensions**

Employees of the Board participate in the retirement plan of the Saskatchewan Association of Health Organizations (a related party) which is a multi-employer defined benefit pension plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to \$26,428 (1998 - \$30,673)

## **8. Athabasca Health Facility Project**

The Board entered into an agreement with Saskatchewan Health on March 31, 1997. The agreement calls for Saskatchewan Health to provide funding to the Board for the purpose of administering the following agreements pertaining to the Athabasca Health Facility Project:

- a) the Project Management Agreement between the Board and Cascade and Associates; and
- b) the client/architect Agreement CCDC-6 between the Board and MANASC Architects Ltd.

The restricted contributions are recognized as revenue of the Athabasca Health Facility Project Fund when received or receivable. The agreement also states that the Board agrees to return to the Minister of Health all funds paid if the Board does not comply with the obligations under the agreement.

## **9. Financial instruments**

- a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

- b) Credit risk

The Board is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Board's receivables are from government agencies, therefore credit risk is minimal.

c) Fair value

The carrying amount of these financial instruments approximate fair value due to their immediate or short-term nature.

cash  
accounts receivable  
bank overdraft  
accounts payable  
accrued salaries and vacation pay

**10. Interfund Transfers**

Interfund transfers consist of funds transferred from the Operating Fund to the Capital Fund to finance the purchase of capital assets.

**11. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Board's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Board, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

**12. Net Change in Non-Cash Working Capital**

	Operating Funds		Restricted Funds			
	1999	1998	Capital Fund	Athabasca Health Facility Project	1999	1998
(Increase)decrease in receivables	\$ (8,300)	\$ 21,880	\$ —	\$ (31,387)	\$ (31,387)	\$ 260,000
Decrease in inventories	5,898	12,936	—	—	—	—
Decrease(increase) in prepaid expense	13,358	(14,597)	—	—	—	—
Increase (decrease) in accounts payable	40,080	29,112	—	(29,790)	(29,790)	(46,554)
Decrease in deferred revenue	—	(5,909)	—	—	—	—
	<u>\$ 51,016</u>	<u>\$ 43,422</u>	<u>\$ —</u>	<u>\$ (61,177)</u>	<u>\$ (61,177)</u>	<u>\$ 213,446</u>

**13. Subsequent Event**

On August 8, 1999 inpatient services at the Uranium City Hospital were suspended due to staff shortages.

**14. Comparative Information**

Certain 1998 comparative figures have been reclassified to conform with the current year's financial statement presentation.

**BOARD OF GOVERNORS, URANIUM CITY HOSPITAL**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**For the year ended March 31**

	<u>1999</u>	<u>1998</u>
Salaries and other benefits	\$ 1,152,881	\$ 1,076,478
Medical, surgical, drugs and other patient supplies	112,029	105,734
Utilities	147,518	132,263
Repairs and maintenance	24,272	16,398
Dietetic/food supplies	15,118	19,352
Amortization expense	26,315	25,942
Staff education and travel	118,916	86,566
Other		
- Board expenses	59,634	32,204
- Administrative	96,836	56,833
- Laundry and linen	879	810
- Housekeeping	1,612	1,662
- Ancillary operations	72,134	64,049
Athabasca Health Facility Project	<u>247,688</u>	<u>401,314</u>
	<u><b>\$ 2,075,832</b></u>	<u><b>\$ 2,019,605</b></u>